

Message Text

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43

ACTION EUR-12

INFO OCT-01 EA-09 ISO-00 EURE-00 SSO-00 NSCE-00 USIE-00

INRE-00 SP-02 AID-05 EB-07 NSC-05 CIEP-02 SS-15

STR-04 OMB-01 CEA-01 FRB-01 CIAE-00 INR-07 NSAE-00

L-03 /075 W

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O 291244Z SEP 76

FM AMEMBASSY ROME

TO SECSTATE WASHDC IMMEDIATE 0224

TREASURY DEPT WASHDC IMMEDIATE

INFO AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BRUSSELS

USMISSION EC BRUSSELS

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY MANILA

AMEMBASSY OTTAWA

AMEMBASSY PARIS

USMISSION OECD PARIS

AMEMBASSY STOCKHOLM

AMEMBASSY TOKYO

AMCONSUL MILAN

AMCONSUL NAPLES

AMCONSUL PALERMO

AMCONSUL GENOA

AMCONSUL FLORENCE

AMCONSUL TRIESTE

AMCONSUL TURIN

UNCLAS ROME 15881

MANILA PASS SECRETARY SIMON PARTY FOR WIDMAN; STATE PASS FRB

E.O. 11652: N/A

TAGS: EFIN IT

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SUBJ: INCREASE IN BANK RESERVE REQUIREMENTS

REF: ROME 1945

1. ON EVENING SEPTEMBER 28, INTERMINISTERIAL CREDIT-COMMITTEE APPROVED TEMPORARY INCREASE IN BANK RESERVE REQUIREMENTS OF .50 PERCENT (ONE-HALF OF ONE PERCENT).

RESERVE DEPOSITS ARE TO BE MADE WITH BANK OF ITALY NO LATER THAN OCTOBER 15 ON BASIS DEPOSITS OUTSTANDING AS OF JUNE 30 1976 (EXCEPT FOR BANKS IN EARTHQUAKE REGION OF FRIULI). SINCE BANK DEPOSITS AS OF END JUNE AMOUNTED TO ABOUT 106,000 BILLION LIRE, RESERVE REQUIREMENT WOULD STERILIZE ABOUT 530 BILLION LIRE.

2. NEW RESTRICTIVE MONETARY MEASURE WAS PARTLY DESIGNED TO REDUCE BANK LIQUIDITY AVAILABLE TO FINANCE SPECULATION AGAINST LIRA IN EXCHANGE MARKETS. LATEST BANK OF ITALY DATA SHOW BANKS' FREE RESERVES AT 2,012 BILLION LIRE AS OF END-JUNE. INTERMINISTERIAL COMMITTEE PRESS COMMUNIQUE STATES THAT AT END-SEPTEMBER BANKS' FREE RESERVES WOULD BE EQUAL TO END-AUGUST FIGURE OF AROUND 2,000 BILLION LIRE, AND THAT NEW MEASURE SHOULD MAINTAIN BANK LIQUIDITY AT ABOUT THAT LEVEL THROUGH OCTOBER. VOLPE

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TRSY
Type: TE
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